

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 AGR-10 CIAE-00 INR-07 NSAE-00

TRSE-00 OMB-01 AID-05 L-03 SP-02 PRS-01 PA-02 USIA-15

/064 W

----- 013158

R 051820Z NOV 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 778

INFO USDOC WASHDC

UNCLAS CARACAS 11480

E.O. 11652: N/A

TAGS: EAGR, EMAE, ETRD, VE

SUBJECT: PRICE CONTROLS: AGRICULTURAL EQUIPMENT

REF: CARACAS 10783, PARAGRAPH 6

1. IN JOINT PRESS ANNOUNCEMENT, VENEZUELAN MINISTRIES OF DEVELOPMENT AND AGRICULTURE HAVE PUBLISHED AN OFFICIAL NOTICE WHICH ESTABLISHES CEILING RETAIL PRICES FOR AGRICULTURAL MACHINERY, PRIMARILY TRACTORS.
2. REFTEL MAKES MENTION OF ACTION PROPOSED BY PRESIDENT PEREZ IN HIS RECENT AGRICULTURAL POLICY SPEECH.
3. SPOKESMAN FOR LOCAL TRACTOR RETAILER HAS STATED THAT NET EFFECT OF NEW CEILING PRICES FOR HIS FIRM'S LINES WILL BE A REDUCTION IN MARKUP FROM 35 PERCENT TO 15 PERCENT ON NET LIST RETAIL PRICE. REPORTEDLY, SOME LOCAL DEALERS HAVE TRADITIONALLY DISCOUNTED THE LIST RETAIL PRICE, DEPENDING ON THE CUSTOMER AND THE NATURE OF THE TRANSACTION. THEREFORE, DEALER MARGINS ON FUTURE SALES (OF AT LEAST SOME MAKES) MAY NOT BE AFFECTED BY THE FULL PERCENTAGE REDUCTION INDICATED BY THE RESOLUTION.
4. THE TRACTOR DEALER SPOKESMAN STATED THAT NO COMPENSATORY GOVERNMENT ASSISTANCE TO TRACTOR DEALERS HAS BEEN DISCUSSED. HE FURTHER

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INDICATED SERIOUS CONCERN ABOUT THE DECREE'S FAILURE TO PROVIDE

FOR INCREASES IN THE NEW CEILING PRICES TO COMPENSATE FOR FUTURE
MANUFACTURER PRICE INCREASES.

5. ON 16 OCTOBER, THE VENEZUELAN MINISTER OF AGRICULTURE HAD
STATED THAT THE GOV WOULD MAKE "MASSIVE" IMPORTS OF TRACTORS,
PRESUMABLY ONLY IF SUBJECT RETAIL PRICE CONTROLS WERE TO SLOW IMPORTS
BY COMMERCIAL DISTRIBUTORS.

6. A LISTING OF THE "OLD" AND NEW PRICES BY MAKE AND MODEL, WILL
BE POUCHED SEPARATELY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, AGRICULTURAL PROGRAMS, PRICES, TRACTORS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CARACA11480
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750385-0181
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751173/aaaacnkd.tel
Line Count: 72
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 CARACAS 10783
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 12 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 AUG 2003 by chicheje>; APPROVED <27 FEB 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRICE CONTROLS: AGRICULTURAL EQUIPMENT
TAGS: EAGR, EMAE, ETRD, VE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006